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Economic Research

Importance of Gas Pipeline To Northwest Assessed

The significance of plans for the construction of pipelines to bring natural gas from Alberta, Canada to the Pacific Northwest was discussed by speakers on a panel at the fourteenth Annual Pacific Northwest Purchasing Conference, at Vancouver, B.C. in April 1950. The following summaries are adapted from a report of the conference published in the June 1950 issue of the *Oregon Purchasing News*.

FRED W. BARNUM, Seattle Gas Co.—The effect of the coming of natural gas to the Pacific Northwest is one of far-reaching proportions. Not only is there the actual construction of the pipeline, a project of international proportions, but there is the prospect of an expansion program in the Pacific Northwest for many years to come.

In order to get a comprehensive picture, let us consider first the actual building of the pipeline. The source of supply of gas is in Alberta, Canada, where the gathering and distribution system will originate. There are several proposed pipelines to bring natural gas to Vancouver, B. C. and on to Seattle and Portland. It is from one of these plans that I have taken the following figures.

To build the proposed pipeline from Alberta, Canada to Portland, Oregon will require approximately 1,500 miles of pipe from 4 to 24 inches in size, costing $23 million. It will cost $7 million to transport the pipe to its destination, and another $1.79 million to coat and wrap this pipe. It is estimated that it will cost $20 million to put it in place. All sorts of large handling and digging equipment, dozers, scrapers, trucks, tools, etc. will be required. Compressors totaling 70,000 HP will have to be purchased, transported, and installed. This will add another $21 million. There is also the cost of a dehydrating plant at another $1 million. There are the costs of acquisition of right of ways, compressor stations, living quarters for employees at stations, communication systems, river and highway crossings. After all these other expenses that go with a large undertaking like this are added, we find that the cost to run this gas line as far as Vancouver will be approximately $94.5 million. To bring this line on to Seattle and Portland will require the expenditure of approximately $19 million, making a grand total of $113.8 million.

With the introduction of natural gas, the amount of potential energy that will come through this line will be practically equivalent of the power energy now coming from Coulee and Bonneville. At the present time electrical

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Oregon Public School Costs And Revenues Surveyed*

By STEPHEN A. BECK
Graduate Student in Education, University of Oregon

It cost approximately $48.7 millions to operate the public schools in the state of Oregon for the school year of 1947-48.[1] Approximately 56 per cent of these expenditures were for instruction, 9 per cent for the operation of the school plant, 8 per cent for capital outlay, 8 per cent for auxiliary agencies, and 19 per cent for other items. (See Table I.)

The sources of revenue for public schools were state aids and local taxes. In the school year of 1947-48, approximately 41 per cent came from state aids and 59 per cent from local sources. The 41 per cent in state aids included approximately 31 per cent from the basic school-support fund, 7.3 per cent from the county school fund, and 2.7 per cent from other sources. The 59 per cent provided by local sources included approximately 55.5 per cent from local district property taxes, and the remaining 3.5 per cent from county and non-high school district property taxes. (See Table II.)

The expenditures for 1947-48 represented an increase of 67.6 per cent over the year 1945-46. This increase in expenditures can be traced to the following factors: (1) The inflationary trend in materials and services that has occurred since the close of World War II; (2) the increase in the school population in the state since the close of the war, caused primarily by immigration. The inflationary trend represents a 30 per cent increase in prices,[2] or $8.7 million. In 1945-46 the average daily attendance was 183.6 thousand, in 1947-48, 209.2 thousand[3], an increase of 14 per cent. This would account for another $5.3 million. Of the remaining $5.7 million, an increase in instruction accounts for $1.5 million, rent and insurance $1.5 million, and additional building $1.8 million. (See Table III.)

Census Bureau estimates indicate that Oregon's population increased 49 per cent between 1940 and 1948, the highest percentage increase in the nation.[4]

* This is the tenth in a series of articles concerning Oregon economic development prepared by graduate students under the direction of Dr. Paul W. Ellis, associate professor of economics, University of Oregon.

[1] Oregon State Superintendent of Public Instruction, *Thirty-Eighth Biennial Report* (1949), p. 42.

[2] As indicated by the U. S. Department of Commerce All Commodity Retail Prices Index, *Survey of Current Business*, 1949 Supp., p. 27.

[3] Oregon State Superintendent of Public Instruction, *Thirty-Eighth Biennial Report* (1949), p. 39.

[4] *Ibid.*, p. 13.

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WESLEY C. BALLAINE, Editor

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Oregon Public School Costs And Revenues Surveyed

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State Funds. In the November 1946 general election, the people of Oregon approved a state tax levy equal to $50 per school-census child (ages 4 to 19, inclusive). The measure provided that the money raised by this tax levy should go into a "basic school-support fund" to be distributed under an apportionment formula which was to be enacted by the Legislature. Such a formula was enacted at the 1947 session of the Legislature.[5]

TABLE I. OREGON PUBLIC SCHOOL EXPENDITURES, 1947-48

Source: Oregon State Superintendent of Public Instrduction, *Thirty-Eighth Biennial Report*

Expenditure	*Thousands of Dollars*	*Per Cent of Total Cost*
General control*	$ 1,488	3.2%
Supervision†	2,088	5.5
Instruction	27,598	56.4
Operation of plant	4,268	9.0
Maintenance and repair	2,219	4.6
Auxiliary agencies‡	3,820	7.8
Fixed charges§	2,315	4.6
Capital outlay	4,053	8.3
Nonbonded debt service (interest)	307	0.6
Total	$48,766	100.0%

* Superintendents, clerks, stenographers, and other office assistance, compulsory education, census, and other services.
† Principals and supervisors, supplies, stenographers, and other office assistance.
‡ Health services, transportation of pupils, and supplies.
§ Insurance and rentals.

The basic school-support fund replaces the state school-support fund and the elementary-school fund. These two funds remain inactive as long as the basic school-support fund remains in existence.[6]

The state school-support fund was approved by the voters in November 1942. It provided for the distribution of $5 million per year from the funds derived from the state income tax to school districts for the purpose of offsetting special school tax levies. The amount was increased to $8 million for the year 1946-47. The original fund was distributed on the basis of total days attendance; but, when the fund was increased, $6 million were distributed on an attendance basis and $2 million on a teacher basis.[7] The state school-support fund was in operation for four years, the first two years at $5 million each and the last two years at $8 million each, when it was replaced, at least temporarily, by the basic school-support fund.

The elementary-school fund was adopted in 1920. It provided for a general property tax of 2 mills on all taxable property of the state, collected annually. It was used for the support of elementary schools only, and was the first state general aid to public schools in Oregon. The

TABLE II. SOURCES OF OREGON PUBLIC SCHOOL REVENUE

Source: Oregon State Suerintendent of Public Instruction, *Thirty-Eighth Biennial Report*

Source	*Thousands of Dollars*	*Per C*
State funds:		
Basic school-support fund	$14,537	31.0
County school fund	3,504	7.3
Irreducible school fund	249	0.5
Non-high school tuition & transportation	816	2.2
	$19,107	41.0
Local funds:		
Local districts	$25,887	55.5
County school fund	389	1.0
Non-high school tuition & transportation	1,202	2.5
	$27,478	59.0
Total revenues	$46,585	100.0%

receipts of the tax were held in the county where collected, were credited to the "state" elementary-school fund, and were apportioned among the districts of the county on the basis of the number of elementary teachers employed.[8] This fund also became inoperative in 1947 with the adoption of the basic school-support fund.

TABLE III. INCREASE IN OREGON SCHOOL COSTS 1945-46 TO 1947-48

Source: Oregon State Superintendent of Public Instruction, *Thirty-Seventh and Thirty-Eighth Biennial Reports*

	Thousands of Dollars		
Expenditure	*1945-46 Costs*	*1947-48 Costs*	*Increase*
General control	$ 996	$ 1,489	$ 493
Supervision	1,663	2,688	1,025
Intruction	17,619	27,598	9,979
Operation of plant	3,048	4,268	1,220
Maintenance & repair	1,074	2,219	1,145
Auxiliary agencies	2,475	3,821	1,346
Fixed charges	560	2,315	1,755
Capital outlay	1,483	4,053	2,570
Nonbonded debt service	115	308	193
Totals	$29,033	$48,759	$19,726

Basic School-Support Fund. For the fiscal y 1947-48 the state levied a tax to provide $50 per school-census child for the basic school-support fund; this was offset by income-tax funds. The basic school-support fund is statutory and permanent in nature. Accordingly, a decline in income taxes would simply mean that the tax would fall back on an ad valorem property levy.

The act establishing the fund provides for grants in aid to all school districts maintaining standard schools. These grants amount to: (1) 20 cents per pupil day of membership; (2) $500 per fulltime teacher employed; (3) 18 cents per bus mile, but in no case to exceed 60 per cent of total cost of transportation.[9] In addition to this general aid provided to all schools, the act provides for equalization and special aids.

Equalization aid is given from the basic school-support fund to provide a state basic program for operational costs, exclusive of transportation, capital outlay, and debt service, of 75 cents per pupil day of membership but in no event less than $2.100 per teacher employed. To determine the equalization aid due a particular district, its total days' membership of resident pupils is multiplied by 75 cents; from this is subtracted the sum of its receipts from (1) grants in aid for pupil days' membership, (2) grants in aid for teachers employed, (3) receipts from the county school fund. and (4) the proceeds of a required district tax of 7 mills on the district's full cash valuation as determined by the State Tax Commission. The difference, if any, is paid as equalization.

[5] Oregon State Superintendent of Public Instruction, *Oregon School Laws*, 1st Supp. 1947, p. 5.
[6] Oregon State Superintendent of Public Instruction, *Thirty-Eighth Biennial Report* (1949), p. 45.
[7] *Oregon School Laws*, 1946, p. 131.
[8] *Oregon School Laws*, 1946, p. 116.
[9] *Oregon School Laws*, 1st Supp., 1947, p. 5.

Special aids to school districts, paid from the basic school-support fund, are provided for the following purposes: (1) to assist districts in educating handicapped children where such cost is above the average cost in the district; (2) to assist districts in educating children com- ; from certain Federal reservations; (3) to assist certain districts having little or no assessed valuation, where such districts have demonstrated needs above that provided by the basic program; and (4) to assist districts which have sudden increases in school attendance exceeding 25 per cent of that of the previous year or other emergency needs that could not be anticipated when it made its budget.[10]

County School Fund. State aid for the county schools is apportioned from surplus income taxes to the several counties on the basis of the number of children enrolled in the annual school census between the ages of 4 and 20, at the rate of $10 per child. The county superintendent in turn apportions the fund to the several districts, first giving $100 to each district, and second apportioning the remainder on the school-census basis.[11] The total amount of this apportionment for 1947-48 was about $3.5 million.

Irreducible School Fund. The laws of Oregon specify ten sources which constitute the principal of the irreducible school fund. These are: (1) the proceeds of the sales of the sixteenth and thirty-sixth sections of every township of this state, or of any lands selected in lieu thereof; (2) the proceeds of all devices and bequests made by any person to the state for common-school fund purposes; (3) the proceeds of all property granted to the state when the purpose of such grant is not stated; (4) proceeds of the sale of tide and overflow land; (5) all the moneys and clear proceeds of all property which may accrue to the state by escheat or forfeiture; (6) unclaimed bank deposits escheated to the state; (7) all moneys received from the rental, sale, disposition, or use of lands belonging to the state; (8) all moneys received by the state under contracts made in pursuance of the provisions of Chapter 4, Title 106, *Oregon Compiled Laws, Annotated*, pertaining to confirmation of state land titles; (9) royalties from leases of sand and gravel beds of navigable portions of navigable streams within the state; (10) proceeds of sales of timber on state lands.[12]

The irreducible school fund is a state permanent endowment fund, the principal of which must be inviolably preserved and the income of which must be used for the support and maintenance of common schools.

The principal in 1947 totaled approximately $10 million, most of which was invested in bonds and in farm and home mortgages. Remaining school lands totaled some 700 thousand acres rented out mainly for grazing purposes. The amount of money received from this fund is about ½ of 1 per cent of the total school cost.[13]

Local Funds. The major portion of public school revenue comes from local property taxation. The local school board has the power to levy a tax once each year upon all real and personal property in the school district for the maintenance, operation, and support of the public school system of the district and for acquiring or improving school sites.

The school board prepares a budget showing the amount of money which, in the judgment of the board, will be needed in the ensuing school year for the maintenance, operation, and support of all schools of the district and for acquiring or improving school sites, after deducting sums expected to be received from state-wide and county-wide taxes levied as provided by law or from other state or county funds.[14]

The source of revenue from local taxation for public school purposes is the property tax. The amount of tax levied on property depends upon the assessed valuation of the property and the cost of operation of the school in the district. For example, in the year of 1947-48, 72.1 per cent of the school revenue in Jefferson County was raised by local taxation, while in Washington County only 47.7 per cent was raised by local taxation.[15]

[10] *Oregon School Laws*, 1st Supp., 1947, p. 5.
[11] *Oregon School Laws*, 1946, p. 117.
[12] *Ibid.*, p. 122.
[13] Oregon State Superintendent of Public Instruction, *Thirty-Eighth Biennial Report* (1949), p. 27.

Importance of Gas Pipeline To Northwest Assessed

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power is not only being used in industry but is also used to such an extent for thermal purposes that there is a serious power shortage here in the Pacific Northwest. Power used for heating purposes is what is making the power shortage, and this shortage is so serious that the Washington State Department of Public Utilities has issued a bulletin to the effect that no power company in this area may contract for over a certain amount of electricity for industrial plants. This automatically bars the Seattle area from offering any inducement to an industry that will take any appreciable amount of power.

Right now we need power for turning motors and machinery, and for various other mechanical purposes. With the coming of natural gas, which ought to be so cheap that it can compete with electricity for heating, gas would then be used for steam generation, heat processing, and all kinds of heat requirements. This should liberate some of the electric power that is now being used for heat purposes. There should be a tremendous spurt in the industrial growth of the Pacific Northwest with the coming of this great supply of low-cost fuel.

Natural gas should develop this area faster than anything else because it will affect all industrial growth. A tremendous amount of gas-consuming appliances will be sold, not only ranges, refrigerators, and water-heaters, but also furnaces and furnace burners for home heating.

The Seattle Gas Company is planning an expansion program of nearly $2 million a year for the next five years. This will put that much money into the buying markets, about 50-50 for material and labor.

Let us hope that the plans for the coming of natural gas to the Pacific Northwest will soon be consumated.

[14] *Oregon School Laws*, 1946, p. 45.
[15] Oregon State Superintendent of Public Instruction, *Thirty-Eighth Biennial Report* (1949), p. 44.

H. H. STUART, Portland Gas & Coke Co.—In general we may expect conditions resulting from introduction of natural gas in this area similar to those experienced in connection with the electric-power installations at Coulee and Bonneville.

Distribution will be handled largely by present existing gas companies, with considerable expansion of the existing distribution systems. Some new distributing companies may be organized in areas where gas is not now available. My own company, the Portland Gas & Coke Co., now distributes gas in an area approximately ninety miles by forty miles, and opportunities for new organizations in the area would be very slight.

This activity will greatly increase the demands on suppliers of pipe, fittings, and valves. The gas-appliance business will no doubt enjoy a boom, particularly in the house-heating field, with a resulting increase in work for plumbers and furnace men. Many of the gas appliances now in use will require new burners or replacement with appliances designed to burn natural gas.

I do not look for an influx of new industries on the scale of the aluminum plants and others which resulted from the large supply of electric power, but there probably will be some new industries.

R. R. JOHNSON, B. C. Electric Co., Ltd., Vancouver, B. C. —The introduction of natural gas, through transmission pipelines to the Pacific Northwest, would add another commodity to our sources of power and fuel. The main sources presently consist of wood, coal, hydro-electric energy, and petroleum.

An analysis of consumption during the past 20 years indicates a definite decline in coal consumption and a definite increase in petroleum consumption. This spread will become greater in subsequent years, with the result that petroleum will generally replace coal, thereby further extending our dependence on petroleum. The only fuel with the required specifications of price and convenience to meet this rapidly expanding competition is natural gas.

A cost reduction of materials manufactured in the Pacific Northwest on the introduction of natural gas might be visualized. However, this would not be the case, because power and fuel as a cost factor in manufacturing production is generally very small.

The economy of Alberta is primarily agricultural, and on this its manufacturing industries are largely based. The economy of the Pacific Northwest is fundamentally forestry, fisheries, and metallic minerals. In other words, the two economies are complementary to one another, so that the Pacific Northwest offers Alberta the closest and therefore the best market for its agricultural and manufactured products.

Natural gas in our area at a price competitive with fuel oil would be of prime importance; to industries which now use manufactured gas it would represent considerable savings; to other industries it would offer a superior type of fuel which price now renders uneconomical. To the area it would mean an alternative fuel, with the added assurance of a steady supply.

As I have indicated the cost of power and fuel has little effect as a factor in the location of industry; therefore Alberta will not lose potential industries to the Pacific Northwest. Where low-cost fuel or power is a factor in the location of industries, Alberta would continue to enjoy the advantage which it now has, since natural gas will always be much cheaper in Alberta because of the heavy cost of transporting it to the Pacific Coast.

With the advent of natural gas in this area, it is estimated that the use of gas will be accelerated, because of the more wide-spread acceptance for water heating, refrigeration, and space-heating amongst domestic consumers. Competitive pricing would greatly extend the use of gas in the manufacturing industries, particularly in the many cases where gas could be used for steam generation.

The Dinning Commission, in its report to the Alberta government, March 8, 1949, showed the proven marketable natural gas reserve of the province at the end of 1948 to be 3 trillion, 490 billion cubic feet.

The total consumption by Alberta of natural gas for the year 1948 was reported by this commission to be 37,265 billion cubic feet. At this rate of consumption the the proven marketable gas reserve would last the province over 90 years. These figures do not include the many important subsequent discoveries, which indicate huge reserves of gas far beyond the needs of the people of Alberta for the present or forseeable future.

In areas known to have such tremendous prospects for gas production as many parts of Alberta, it is certain that the added assurance of outside markets would have the effect of accelerating exploration and that gas reserves would be quickly increased far beyond the amount now proven and indicated.

It is apparent that there is plenty of gas for all and an excellent market in the Pacific Northwest for natural gas, and that its introduction in this area will be economically beneficial to both the exporter and the importers.

A substantial part of the national debt, totaling $256 billion, is held by the banking system, according to statistics in the May 1950 issue of the *Federal Reserve Bulletin.* Holdings of Federal securities by the banking system, including both commercial and savings banks, totaled $96 billion in April 1950. Individuals accounted for another $70 billion of the national debt. Corporations, including insurance companies, held Federal securities valued at $32 billion, and the remainder of the government obligations was held by the state and local governments and various agencies of the Federal government.

United States consumer expenditures for new furniture reached a new high in the first quarter of 1950, exceeding a $3 billion annual rate. This figure, as reported in the *Survey of Current Business,* is more than double (in dollar amount) the total purchased in any prewar year.

The consumer demand for new homes is expected to remain at a high level throughout 1950, according to a preliminary summary of the 1950 *Survey of Consumer Finances* conducted by the Survey Research Center of the University of Michigan, for the Federal Reserve Board. The center estimates that over one million consumers have definite plans to buy new houses in 1950. This represents a stronger demand for houses priced below $10,000 than in 1949 and about the same demand for homes priced above that level.

1948 Census of Business in Oregon [Retail, Wholesale, and Service]

Retail, wholesale, and service establishments located in Oregon showed a substantial expansion in dollar volume of trade from 1939 to 1948, according to 1948 Census of Business figures recently released by the U. S. Department of Commerce. Retail sales in the state during 1948 aggregated $1,590,600,000, an increase of 260 per cent over the $442,200,000 sales in 1939, when the preceding Census of Business was taken. Wholesale sales volume in the state showed a 328 per cent rise over the same period, reaching a total of $1,886,700,000 in 1948 as compared with $441,300,000 in 1939. The service trades included in the Census of Business reported receipts totaling $94,500,000 in 1948 compared with $26,600,000 in 1939. Hotel receipts moved from $8,000,000 in 1939 to $19,700,000 in 1948. Amusement businesses in the state recorded receipts of $22,000,000 in 1948 compared with $8,400,000 in 1939.

Employment in the state also rose over the nine-year period between 1939 and 1948 in the trades covered by the Census of Business. Retail trade establishments reported 71,002 paid employees for the work week ended nearest November 15, 1948. Of these, 60,426 worked the full week, and the remainder part of the week. The comparable total and full work-week figures for 1939 were 43,909 and 34,295. Wholesale trade establishments reported a total of 29,350 full- and part-week employees for the week of November 15, 1948, compared with 15,894 for the same week in 1939. For the selected service trades, November 15, 1948, paid employees numbered 11,932; the comparable figure for 1939, adjusted for change in scope between the two censuses, was 8,003.

The 1948 census figures for the state of Oregon as a whole are given in the accompanying table. Census figures for the counties and principal cities in the state will be published in future issues of the *Oregon Business Review*.

	Number of Establishments	*1948 Sales and Receipts (thousands of dollars)*	*Active Proprietors of Unincorporated Businesses Nov. 1948*	*Paid Employees, Work Week Ended Nearest Nov. 15, 1948*	
				Total Employees	*Full Work Week Employees*
Retail trade, total	17,471	$1,590,621	19,621	71,002	60,426
Food group	3,874	359,979	4,638	9,331	7,165
Eating & drinking places	3,685	114,165	4,596	14,178	11,795
General merchandise group	748	231,053	725	15,078	12,522
Apparel group	882	71,408	896	3,722	3,205
Furniture-home furnishings-appliance group	840	78,151	912	3,656	3,384
Automotive group	1,019	281,096	1,100	8,496	8,150
Gasoline service stations	2,409	90,292	2,669	3,101	2,434
Lumber-building-hardware group	1,225	150,824	1,229	5,366	4,936
Drug and proprietary stores	540	38,818	571	2,098	1,631
All other retail stores	2,249	174,835	2,285	5,976	5,204
Wholesale trade, total	2,544	1,886,737	1,662	29,350	*
Merchant wholesalers, total	1,483	954,371	1,040	18,006	*
Groceries, confectionery, meat	143	112,084	119	1,698	*
Farm products, edible	118	78,003	80	2,152	*
Tobacco	37	26,149	23	280	*
Furniture, home furnishings	21	11,597	13	244	*
Automotive supplies	205	45,551	156	1,806	*
Electrical merchandise	61	66,662	30	1,297	*
Hardware, plumbing, heating	67	57,720	43	1,413	*
Lumber, construction materials	143	197,862	82	2,317	*
Machinery, equipment, industrial supplies	330	129,510	199	3,603	*
All other merchant wholesalers	358	229,233	295	3,196	*
Manufactures sales branches, offices	223	367,671	12	3,952	*
Petroleum bulk plants, terminals	435	168,101	346	1,638	*
Agents, brokers (merchandise)	227	252,200	200	987	*
Assemblers of farm products	176	144,394	64	4,767	*
Selected service trades, total	5,856	94,547	6,330	11,932	10,776
Personal services	3,164	43,283	3,421	7,087	6,402
Business services	312	13,210	285	1,904	1,707
Automotive repairs & services	1,339	25,235	1,473	1,950	1,782
Other repairs & services	1,041	12,819	1,151	991	885
Hotels	462	19,667	498	3,599	3,277
Tourist courts and camps	1,189	7,039	1,502	310	209
Amusements	533	21,988	442	3,012	*

* Not available.

Industrial Construction

For the first time since the end of the war, industrial investment in new fixed assets declined in 1949, according to a recent report of the U. S. Department of Commerce. Nonagricultural business firms spent $17.9 billion for new plant and equipment during 1949, a decline of $1.3 billion from 1948. However, the investment rate in 1949 remained higher, in both dollar terms and physical volume, than in any year prior to 1948. The drop in new construction by manufacturing concerns was the major factor contributing to the decreased capital expenditures, with activity 30 per cent below 1948.

Investment in electric and gas utilities, contrary to other industrial construction, reached a record total of $3.2 billion in 1949, an advance of 18 per cent over 1948.

Bank Deposit Insurance

Under the provisions of the Federal Deposit Insurance Corporation, $62 billion, or 45 per cent of the total deposits in banks, are insured, according to the February 1950 issue of the *Federal Reserve Bulletin*. Of this amount, $31 billion are in demand deposits and $29 billion in saving and time accounts.

At present, deposit insurance is extended on all deposit accounts, but with a maximum coverage for individual accounts of $5,000. The purpose of deposit insurance is twofold: first, it provides protection for the depositor, and second, it provides protection for the nation as a whole. Preservation of public confidence in the banks, by insuring deposits up to a prescribed maximum, makes for stability in the level of bank deposits and for stability in the nation's economy.

CURRENT BUSINESS TRENDS IN OREGON

Lumber. The Douglas-fir sawmills of the Pacific Northwest cut more lumber during the first half of 1950 than in any previous six-month period since 1929—this in spite of a freight-car shortage in Oregon which became critical in June and some important closures because of strikes.

Production continues to run behind orders, with the result that prices of many dimensions are rising. The West Coast Lumbermen's Association reports that production for the first 27 weeks of 1950 was 5 per cent higher than for the same period in 1949, while orders received were 19 per cent higher, shipments 12 per cent higher, unfilled orders 67 per cent higher, and stocks 22 per cent lower. Recent trends are shown by the following figures in M feet for 174 mills.

	Week Ending July 8	*Week Ending July 1*	*Week Ending June 24*	*Week Ending June 17*
Production	42,624	105,063	117,141	122,553
Orders	72,544	103,110	125,509	126,487
Shipments	69,456	122,131	111,638	139,087
Stocks	563,751	590,583	609,151	601,569

Department-Store Sales. Portland department-store sales have recently turned sharply upward in comparison to a year ago. Comparison with various periods in 1950 with the same periods in 1949 for Portland and other Pacific Coast cities is given in the table below.

	Week Ending July 8	*Four Weeks Ending July 8*	*Calendar Year to July 8*
Portland	+22%	+ 3%	−2%
Los Angeles	+19	+ 8	−2
San Diego	+10	+ 6	+4
Oakland	+20	+ 7	−1
San Francisco	+12	+ 4	+1
Seattle	+15	+ 8	0
Spokane	+25	+13	+2
United States	+ 7	+ 6	−1

Portland Food Prices. Even before the outbreak of hostilities in Korea, retail food prices were rising. The most recent release of the Bureau of Labor Statistics figures cover prices on May 15. Between April 15 and May 15 food prices rose 2.0 per cent, in comparison to a national increase of 1.9 per cent. May prices were, on the average, .7 per cent below their levels of a year ago. The index, using the average for 1935-1939 as a base of 100, was 217.2 on May 15. The low point of the price decline which began in July 1948 was reached in December 1949, when the index was 206.3. The index has been rising steadily since then. The increase between April and May was caused primarily by a rise in the price of meat, especially veal and pork.

Employment. Oregon employment continued to rise during during June 1950 and the first part of July. At the end of the first week in July unemployment of Oregon's insured workers was 2.4 per cent; this was the lowest percentage in two years and less than half the national average of 5.2 per cent. Hood River, Douglas, Benton, and Baker counties had the lowest rate of unemployment, while Klamath, Clatsop, Josephine, and Umatilla had the highest.

Gasoline Sales. The Secretary of State reports that taxable sales of motor vehicle fuels in Oregon for May totaled 46,006,636 gallons, an increase of 4,789,186 over May 1949.

Multnomah County Real-Estate Transactions. During May 1950 there were 1,228 real-estate sales in Multnomah County, amounting to $8,074,377. Of these, 768 were for residences, the total value of which was $5,908,541. May's transactions were up somewhat as compared to either the previous month or the same month a year ago.

	May 1950	*Apr. 1950*	*May 1949*
Number of sales	1,228	1,158	1,161
Total sales price	$ 8,074,377	$7,291,462	$6,743,700
Number of mortgages	1,430	1,095	1,063
Total amount of money loaned	$11,050,533	$7,674,685	$6,651,976

The markedly higher dollar total of real-estate mortgages is partly explained by three large loans which were, respectively, $2,615,600, $125,000, and $100,000.

Business Failures. There were 16 business failures with liabilities of $248,000 in Oregon during May 1950. Seven of these, with liabilities of $115,000, were in Portland.

BANK DEBITS

Bank debits represent the dollar value of the checks drawn against individual deposits. Payment for approximately 90 per cent of all goods, property, and services is by check. Bank debits are regarded as indicators of the general trend of business, though their value for this purpose may be impaired by substantial changes in the level of prices. The Bureau of Business Research collects bank debits from 117 banks and branches monthly. On occasion, the totals for the same month in different issues of the *Review* are not directly comparable because of necessary adjustments in basic data.

Marketing Districts	*Number of Banks Reporting*	*Debits May 1950*	*Debits Apr. 1950*	*Debits May 1949*	*May 1950 compared with Apr. 1950*	*May 1950 compared with May 1950*
Oregon	112	$939,619,385	$893,098,056	$885,861,734	+ 5.21%	+ 6.07%
Portland (Portland, Hillsboro, Oregon City, etc.)	31	570,280,078	544,684,992	543,215,190	+ 4.70	+ 4.98
Lower Willamette Valley (Salem, McMinnville, etc.)	14	69,451,078	72,958,820	72,696,749	− 4.81	− 4.46
Upper Willamette Valley (Albany, Corvallis, Eugene, etc.)	15	101,547,295	87,270,312	87,915,466	+16.36	+15.51
North Oregon Coast (Astoria, Tillamook, etc.)	5	20,238,326	19,004,920	18,538,492	+ 6.49	+ 9.17
Douglas, Coos Bay	7	33,157,783	29,597,149	28,259,405	+12.03	+17.33
Southern Oregon (Ashland, Medford, Grants Pass)	6	41,541,160	35,498,376	36,174,826	+17.02	+14.83
Upper Columbia River (The Dalles, Hood River, etc.)	7	14,785,540	13,972,412	14,645,799	+ 5.82	+ 0.95
Pendleton area	6	18,729,137	19,056,084	18,553,796	− 1.72	+ 0.95
Central Oregon (Bend, Prineville, Redmond)	5	19,318,763	17,870,564	17,027,477	+ 8.10	+13.46
Klamath Falls, Lakeview area	5	23,919,110	24,219,040	22,618,601	− 1.24	+ 5.75
Baker, La Grande area	6	16,315,315	14,610,801	15,937,191	+11.67	+ 2.37
Burns, Ontario, Nyssa	5	10,335,800	14,354,556	10,278,742	−28.00	+ 0.56

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual construction under way. Care must be taken, in interpreting these data, to allow for the lag which may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	New Residential May 1950	*New non-residential May 1950*	*Additions, Alterations & Repairs May 1950*	*Totals May 1950*	*Totals Apr. 1950*	*Totals May 1949*
Astoria	$ 19,987	$ 95	$ 19,105	$ 39,187	$ 43,046	$ 43,250
Bend	29,600	17,900	21,320	68,820	96,345	65,175
Coos Bay	85,433	56,180	11,895	153,508	115,702	50,683
Corvallis	58,000	161,950	24,898	244,848	62,442	44,530
Eugene	435,600	81,350	92,455	609,405	1,082,400	329,150
Grants Pass	86,943	3,642	15,145	105,730	226,446	163,881
Klamath Falls	82,800	6,200	37,544	126,544	326,530	48,685
La Grande	23,150	31,695	11,400	66,245	264,648	22,065
Medford	600,350	101,695	39,440	741,485	145,870	605,914
Oregon City	13,500	23,000	7,000	43,500	411,191	49,500
Portland	5,657,610	2,829,035	767,200	9,253,845	3,070,190	7,803,380
Salem	415,500	43,075	62,360	520,935	1,014,610	395,423
Springfield	166,350	101,150	12,560	280,060	192,130	152,725
The Dalles	36,000	68,420	13,775	118,195	144,570	81,820
16 other communities	278,700	353,450	48,915	681,065	647,919	1,118,365
Totals	$7,989,523	$3,878,837	$1,185,012	$13,053,372	$7,844,039	$10,974,546